

REAL ESTATE FINANCE INSTRUMENT

ABSTRACT OF THE DISCLOSURE

A system and method of structuring and financing a real estate transaction, such as a residential real estate transaction. A seller can maximize a selling price while minimizing the loan payments of the buyer over a predetermined period of time. A seller can purchase a financial instrument as seller paid points that can result in a reduction in the effective interest rate for the buyer. The interest rate reduction can be effective over a predetermined period of time, usually less than or equal to five years. The buyer can present the financial instrument to a lender when applying for a mortgage. The lender can redeem the financial instrument for the amount of seller paid points and supplement any mortgage. The lender can then reduce the buyer's loan payments over the predetermined period of time, based on the amount of seller paid points.

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